

Next Bridge Hydrocarbons Announces Receiving Further SEC Comments

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Next Bridge Hydrocarbons, Inc.

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MIDLAND, Texas, Feb. 21, 2025 /PRNewswire/ -- **Next Bridge Hydrocarbons, Inc.** ("Next Bridge," "our," "we," or the "Company"), an oil and natural gas exploration and production company with interests in Texas, Louisiana, and Oklahoma announced today the following:

We are disappointed to announce receiving another round of SEC comments to our Annual Report on Form 10-K for the 2023 fiscal year (the "2023 10-K"), which will further delay the effectiveness of our Registration Statement on Form S-1 to offer to the public 40,000,000 shares of common stock (the "Offering"), originally filed on January 23, 2023.

In September 2024, we understood that we had addressed all of the SEC comments to the Registration Statement and planned to proceed to file the final amendment to the Registration Statement to include pricing information with respect to the Offering; however, before the Company could file the amendment, the SEC delivered comments to the 2023 10-K. This meant we could not file the final "pricing" amendment to the Registration Statement until the comments to the 2023 10-K were resolved.

Now, almost five months later, with four rounds of comment letters related to our 2023 10-K, plus five rounds of submittals related to the Registration Statement, all costing the Company tens of thousands of dollars to address, the SEC has taken the position that we should not have restated our 2022

audited financial statements that impaired the balance sheet value of our Orogrande property down to zero which were included in the 2023 10-K filed in July 2024. Instead, the SEC states we should impair the value as of October of 2024, when we learned University Lands would not extend our Orogrande D&D Unit Agreement.

If the Company is required to restate its 2022 financials to update the impairment analysis, the Company would be required to amend two Annual Reports on Form 10-K and six Quarterly Reports on Form 10-Q from the previous two years. This entire process will likely take numerous additional months and cost several hundred thousand dollars above what has already been spent. In an effort to dissuade the SEC from this decision, we made clear the following key points:

The Company is not publicly traded on any exchange, thus the existing, restated 10-K for 2022 could not possibly mislead any potential retail investors. Furthermore, the Company made it clear we have already spent two years attempting to file an effective Registration Statement in order to raise capital. The amendment of prior reports will only add to this already arduous process and be financially damaging to both the Company and its over 65,000 shareholders.

We suggested a more efficient solution would be simply footnoting the matter on the existing reports, at a significantly lower cost and time frame, which would accomplish the same end results. This proposal was rejected by the SEC.

The debate to impair the value of the Orogrande in 2022, or wait until October of 2024, is up to interpretation based on data available at the time. In the opinion of the Company's current management and board of directors, restatement of the 2022 financial statements included in our 2023 10-K filed in July of 2024, was fair and reasonable based on the Company's interpretation of applicable accounting principles and guidance.

More troubling than the requirement for the Company to restate the Company's financial statements and refile previous reports, though, is the position the SEC is taking regarding our corporate history. The SEC has asked us to change our accounting such that we disregard the time between the merger of Torchlight Energy Corporation ("Torchlight Energy") and Meta Materials, Inc. ("Meta Materials") in June of 2021 until the time of the spinout of the Company from Meta Materials in December of 2022. The SEC is taking the position that Meta Materials acted merely as a custodian

of the identical assets with the identical shareholders during this 18-month period. The Company explained to the SEC in great detail that Torchlight Energy and the Company are not remotely close to the same entity in terms of management, board of directors, or shareholders. In spite of our explanation of these facts, the SEC is unwilling to change their position.

The Company is unwilling to take a position it believes is knowingly and demonstrably false, as well as fraught with potential liability for the Company and its shareholders. The Company is exploring its options related to this impasse and will work closely with its advisors to explore its options.

For full transparency, all prior communications with the SEC related to the 2023 10-K, including their comment letters and our responses, will be available for download on our website in the near future.

In addition to the time and expense of restatements, the Company and its shareholders will also suffer detrimental opportunity costs. The board of directors has determined to put on hold the previously announced Louisiana Heritage Play transaction with Chairman Greg McCabe, as there are significant ongoing expenses related to the play. Three additional projects the Company was actively negotiating have all been suspended until we gain further clarity as to the total impact of the SEC requirements. Unfortunately, this will further delay providing unencumbered shares to firms who privately requested them to correct ledger imbalances, as well as the 2.65 million unsettled trades acknowledged by FINRA resulting from their U-3 trading halt.

Chairman and CEO Greg McCabe stated, "As in the past, Next Bridge will continue to advance our business strategies on the oil and gas front, while concurrently investigating the magnitude of our demonstrable shareholder imbalance. In light of recent events, the Company will pivot and intensify our efforts to obtain clarity on this untenable and inexcusable imbalance which remains, to this day, an unsettled injustice to our loyal shareholders."

About Next Bridge Hydrocarbons, Inc.

The Company is an independent public reporting energy company engaged in the acquisition, exploration, exploitation and/or development of oil and natural gas properties in the United States. We have minor well interests in the eastern edge of the Midland Basin in Texas, two minor well interests in Oklahoma and exploration prospect leaseholds in the onshore southern Louisiana Gulf Coast area.

Please visit www.nextbridgehydrocarbons.com for more information.

Next Bridge is a private company insofar as its common stock is not traded on a public stock exchange of any kind. The Company is expected to update shareholders about certain operational and financial matters related to Company business. To receive emails regarding this, visit <https://www.nextbridgehydrocarbons.com/investors> and complete the Email Alert / Investor Form. You may also choose to follow our social media channels at @nbhydrocarbons on X (formerly Twitter) and "Next Bridge Hydrocarbons" on LinkedIn.

This statement may contain "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. Such statements are based on management's current expectations and are subject to a number of factors and uncertainties which could cause actual results to differ materially from those described herein. Although the Company believes the expectations in such statements to be reasonable, there can be no assurance that such expectations will prove to be correct. Information concerning the assumptions, uncertainties and risks that may affect the actual results can be found in the Company's filings with the Securities and Exchange Commission ("SEC") available on the Company's website or the SEC's website at www.sec.gov.

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